

Correction

Conservation and Renewables Discount

July 29, 2004

Issue

Due to changes in the federal manufacturing standards for Domestic Water Heater and testing standards for Energy Star[®] Dishwashers, the deemed energy savings estimates for DWH were reduced January 1, 2004, and Energy Star Dishwashers were reduced October 1, 2003, in the Conservation and Renewables Discount (C&RD) Reporting Software. The C&RD credits for these measure remained at fiscal year (FY) 2003 levels since these changes occurred out of sync with the Bonneville Power Administration (BPA) fiscal year and the C&RD Public Review Process, where BPA is allowed to lower credits or remove measures. Inadvertently, these changes were not presented in the Proposed Changes for FY2005 or the Approved Changes for FY2005.

However, it is important that customers have realistic indicators as to the value of individual measures when deciding what measures to offer to their end users. A C&RD credit that is approximately twice the net present benefits to the bulk power system encourages customers to promote measures that do not deliver the intended energy savings. This raises the cost per megawatt of energy savings and leads to false impressions on the value of the energy savings to the region.

Process

The C&RD Program has agreed not to make any downward adjustment in the C&RD credit during the FY. These types of changes can only happen at the beginning of the FY after customers have had an opportunity to comment on the proposed changes. In the case of DWH, customers have been aware of the potential change for several months. That is not the case for Energy Star Dishwashers.

Energy Star Dishwashers

On August 29, 2003, the U.S. Department of Energy (USDOE) published the new dishwasher test procedures and the new procedure became effective 30 days later. As a result, the C&RD Program reduced the deemed energy savings at the beginning of FY2004 (i.e., October 1, 2003), but left the C&RD credit the same, since the C&RD is only allowed to reduce C&RD credit levels at the beginning of the FY.

The reason for the reduced savings is that the test procedure now assumes 215 cycles per year instead of the previous 264 cycles or an earlier assumption of 322 cycles per year. USDOE intends to change the federal manufacturing standards in the near future, now that they have adopted a new test procedure that can deal with soil-sensing dishwashers.

Given the importance of giving customers reliable signals as to the value of individual measures, reducing costs in the C&RD program, and maintaining realistic saving estimates, BPA will adopt the updated C&RD credits for Energy Star Dishwashers as shown in the table, on the next page, effective October 1, 2004.

Energy Star Dishwasher Measure Table			
Technology, Measure or Practice	Reference Number	FY2004 Credit (\$/unit)	FY2005 Credit (\$/unit)
Energy Star Dishwasher - Gas DHW	RAP00001	\$21.95	\$9.58
Energy Star Dishwasher - PNW Weighted Average	RAP00032	\$23.33	\$10.32
Energy Star Dishwasher - Electric DHW	RAP00002	\$24.28	\$10.74

Domestic Water Heaters

January 1, 2004, the federal manufacturing standards for electric DWH changed. As a result, the base cases have changed and the deemed energy savings for DHW measures has been reduced. Since the C&RD is only allowed to reduce C&RD credit levels at the beginning of the FY, the deemed energy savings estimates were reduced mid-year, but the C&RD credit levels remained the same. The deemed energy savings for Heat Pump Water Heaters has also gone down slightly, due to increases in efficiency in new DWHs.

Inadvertently, this change was left out of the C&RD Public Review Process this year entirely. However, customers did receive some notice that the C&RD credits would be reduced during the previous Public Review Process. In the Approved Changes for FY2004, the following paragraph stated that the C&RD credit would be reduced.

4) Looking to the Future

Two new federal standards for clothes washers and water heaters take effect in January of 2004. The RTF will recommend that Bonneville update the values to reflect the new "base cases" when standards and codes change. But since these changes happen mid-FY, Bonneville will not lower the C&RD Credit for clothes washers and water heaters until October 1, 2004 (i.e., FY2005).

Under the Comments section on the measure reporting page of the C&RD Reporting Software the following comment has been posted since January 2004.

Comments: *The US Department of Energy has revised its efficiency standards for domestic water heaters. The revised standards will take effect in January of 2004.*

Given the importance of giving customers reliable signals as to the value of individual measures, reducing costs in the C&RD program, and maintaining realistic saving estimates, BPA will

change the C&RD credit for DHW measure beginning October 1, 2004 (i.e., FY2005). See table of DHW measures below for the FY2005 C&RD credits.

Domestic Water Heater Measure Table				
Technology, Measure or Practice	Measure Life (years)	Annual Savings @ Site (kwh/yr)	FY2004 C&RD Credit	FY2005 C&RD Credit
<u>EF- 2.3 Domestic Heat Pump Water Heater w/50 gal. rated capacity and minimum 10 yr warranty</u>	15	1,828	\$ 572.39	\$ 556.49
<u>EF- 2.5 Domestic Heat Pump Water Heater w/80 gal. rated capacity and minimum 10 yr warranty</u>	15	2,067	\$ 644.66	\$ 629.31
<u>EF- 0.85 Domestic Water Heater w/119 gallon rated capacity</u>	10	158	\$ 70.47	\$ 35.23
<u>EF- 0.91 Domestic Water Heater w/80 gallon rated capacity</u>	10	173	\$ 69.49	\$ 38.61
<u>EF- 0.91 Domestic Water Heater w/65 gallon rated capacity</u>	10	101	\$ 52.75	\$ 22.61
<u>EF- 0.93 Domestic Water Heater w/50 gallon rated capacity</u>	10	97	\$ 50.40	\$ 21.60
<u>EF- 0.93 Domestic Water Heater w/40 gallon rated capacity</u>	10	32	\$ 35.17	\$ 7.03
<u>EF- 0.94 Domestic Water Heater w/30 gallon rated capacity</u>	10	31	\$ 34.40	\$ 6.88
<u>EF- 0.85 Domestic Water Heater w/119 gal. rated capacity and minimum 10 yr warranty</u>	14	158	\$ 91.58	\$ 45.79
<u>EF- 0.91 Domestic Water Heater w/80 gal. rated capacity and minimum 10 yr warranty</u>	14	173	\$ 90.31	\$ 50.17
<u>EF- 0.91 Domestic Water Heater w/65 gal. rated capacity and minimum 10 yr warranty</u>	14	101	\$ 68.55	\$ 29.38
<u>EF- 0.93 Domestic Water Heater w/50 gal. rated capacity and minimum 10 yr warranty</u>	14	97	\$ 65.50	\$ 28.07
<u>EF- 0.93 Domestic Water Heater w/40 gal. rated capacity and minimum 10 yr warranty</u>	14	32	\$ 45.71	\$ 9.14
<u>EF- 0.94 Domestic Water Heater w/30 gal. rated capacity and minimum 10 yr warranty</u>	14	31	\$ 44.71	\$ 8.94
<u>EF- 0.91 Domestic Water Heater w/105 gal. rated capacity and minimum 20 yr warranty</u>	25	288	\$ 180.26	\$ 120.17
<u>EF- 0.92 Domestic Water Heater w/85 gal. rated capacity and minimum 20 yr warranty</u>	25	208	\$ 144.88	\$ 86.93
<u>EF- 0.92 Domestic Water Heater w/80 gal. rated capacity and minimum 20 yr warranty</u>	25	205	\$ 143.10	\$ 85.86
<u>EF- 0.92 Domestic Water Heater w/75 gal. rated capacity and minimum 20 yr warranty</u>	25	169	\$ 127.22	\$ 70.68
<u>EF- 0.94 Domestic Water Heater w/65 gal. rated capacity and minimum 20 yr warranty</u>	25	196	\$ 136.68	\$ 82.01
<u>EF- 0.94 Domestic Water Heater w/50 gal. rated capacity and minimum 20 yr warranty</u>	25	128	\$ 106.78	\$ 53.39
<u>EF- 0.94 Domestic Water Heater w/40 gal. rated capacity and minimum 20 yr warranty</u>	25	62	\$ 78.24	\$ 26.08
<u>EF- 0.94 Domestic Water Heater w/30 gal. rated capacity and minimum 20 yr warranty</u>	25	31	\$ 64.46	\$ 12.89